

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

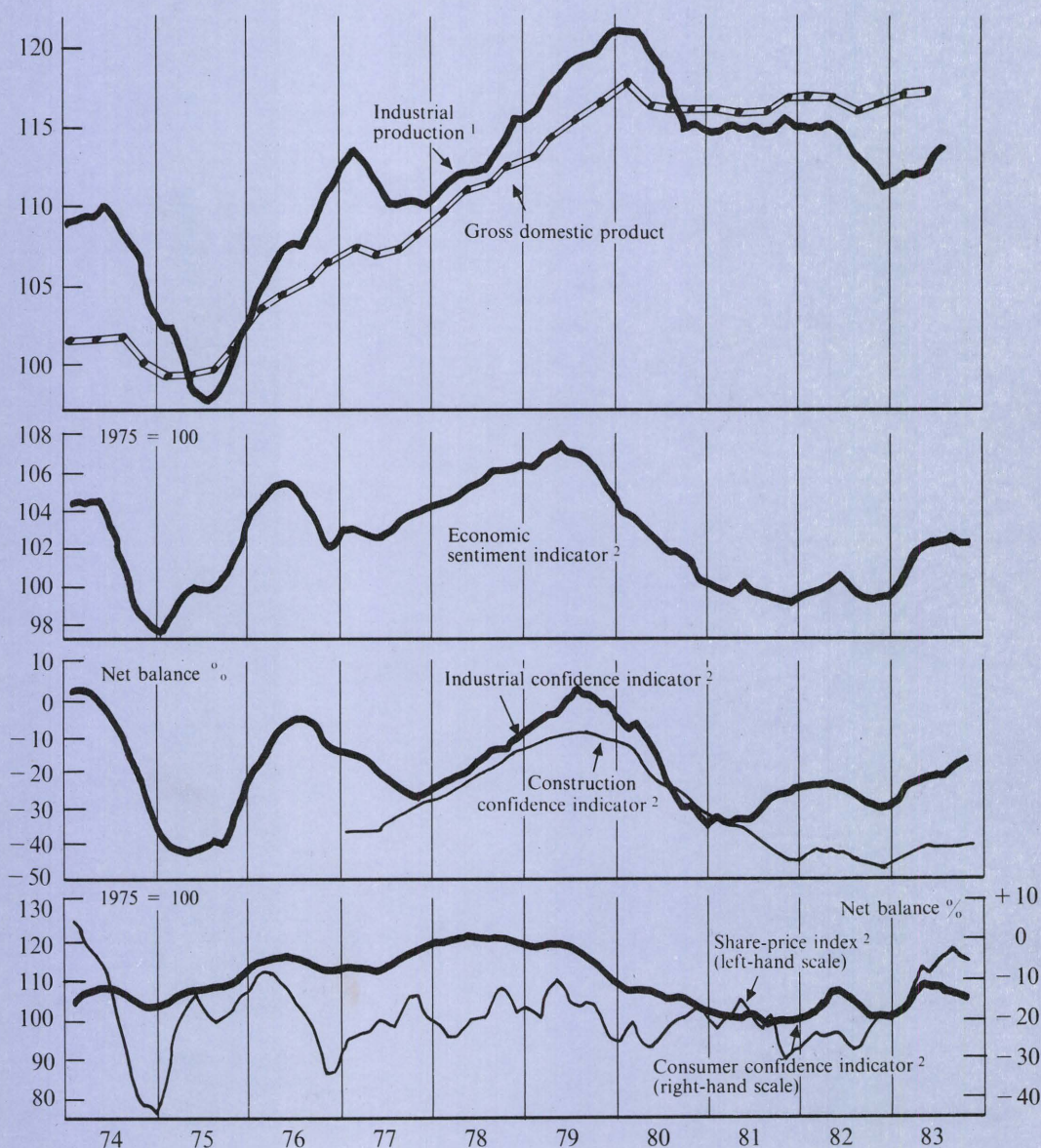
Supplement B — No 11 — November 1983

Business survey results

*This month:
degree of capacity-utilization
in industry, by branches*

LIBRARY

GRAPH 1: Indicators of output and economic sentiment — European Community



For footnotes see page 6.

Stability in industrial confidence. — The main features of the October survey are the continuing strength of sentiment on the part of industrialists in the Federal Republic of Germany, some improvement in Italy and Belgium and perhaps the beginning of an improvement in France. In the United Kingdom, on the other hand, October was marked by a weakening of economic sentiment.

Production expectations have begun to improve in France, where they reached their highest level since March, as well as in Germany, the Netherlands and Belgium. Italy is only one point below its level of September and still 25 points above the trough of December 1982. Italian industrialists are thus expecting a production upswing in the coming months, after the decline in output recorded so far in 1983. The striking improvement in business expectations noticed since last December in the United Kingdom was not sustained in October and this counterbalanced, in the EC average, the positive changes in the other Member States. The British balance of production expectations is still 24 points above its level of December 1982.

Expectations in order-books are similar to those observed for production. Manufacturers were quite optimistic in October, as regards their export markets.

The French net balance of opinions on export order-books, in particular, has improved by 10 points since September, a monthly improvement which had not been experienced in that country since April 1978. The stocks of finished products are continuing their slow adjustment towards normal levels, but the improvement is not marked at the Community level. Inventories are on the increase in the United Kingdom and in Benelux.

Price expectations have been stable in the EC these last four months. Amongst Member States, the striking feature is the reduction of inflationary expectations in France and their increase in Italy.

The EC confidence index for manufacturing industry remains at its level of the previous month. The improvements experienced mainly in France, Germany and Italy are counterbalanced by the loss of 4 points in the United Kingdom.

The construction sector. — The climate was slightly improved in October compared to July (full data for the EC are only available quarterly). Belgium and Luxembourg are the only two countries where no signs of improvement are noticeable. The good results obtained for the Netherlands are due to an increased investment in public works, particularly in roads.

The economic sentiment indicator

If on the production side the indicators are mildly favourable, consumer expectations show further signs of deterioration in those countries for which monthly data are available. The consumer confidence index lost 3 points in Italy and 1 point in the United Kingdom, with respect to the previous months. This deterioration is in line with the slight weakening of this indicator in Germany, since the Spring, after the sharp improvement of the first quarter.

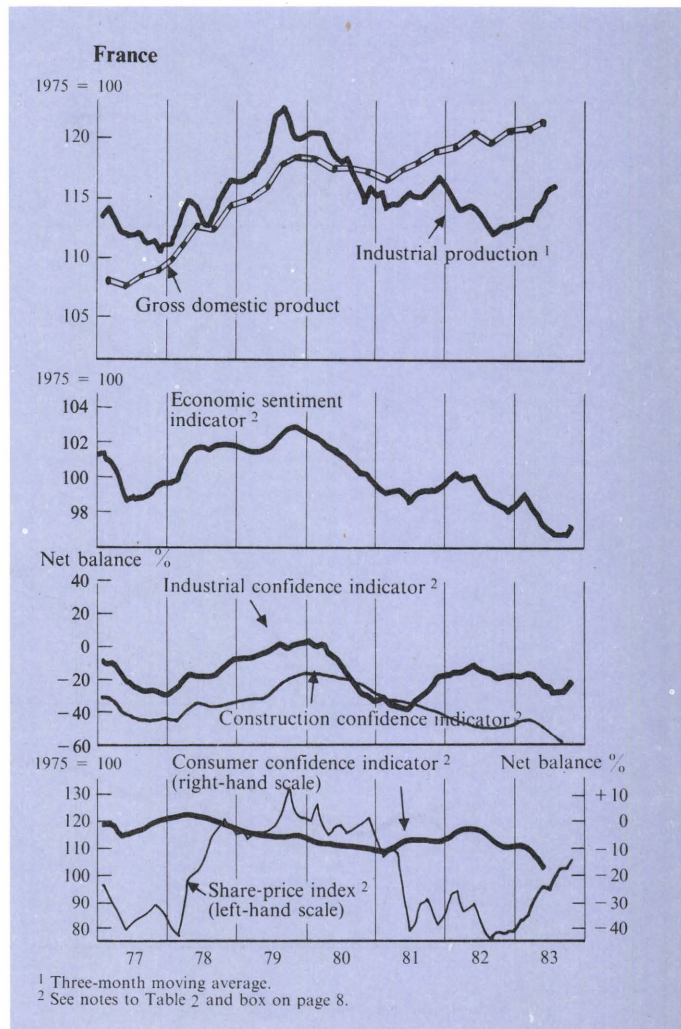
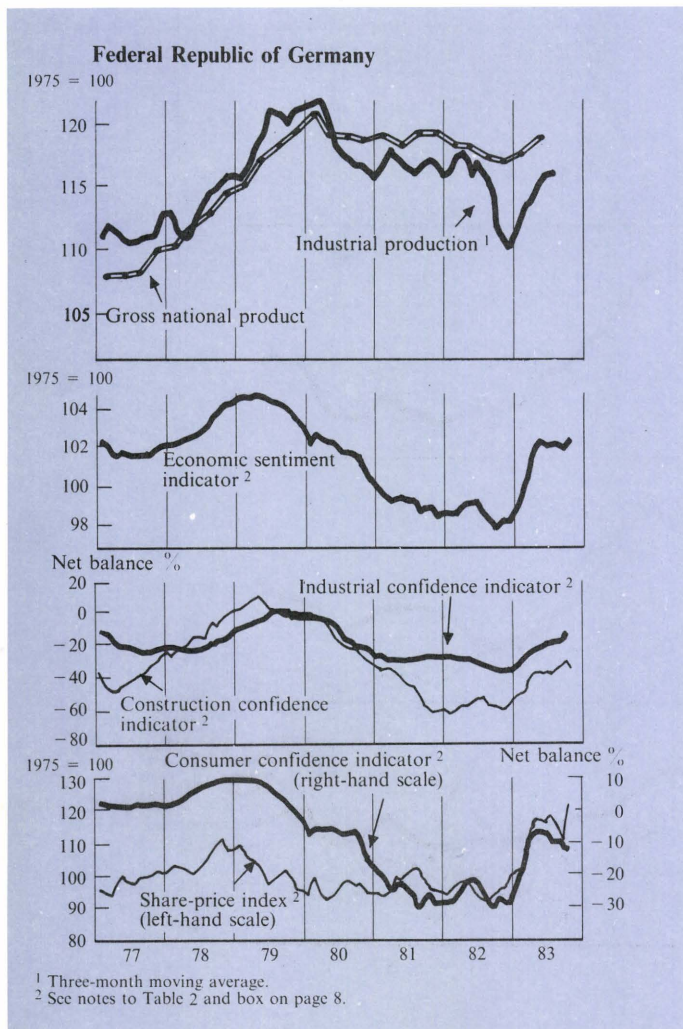
The downturn of the share price index observed last month, is confirmed in Italy, the United Kingdom and Belgium but, due to the big increases which took place in France and Germany, the EC index has held up.

To sum up, the economic indicator remains stable at EC level, but the situation clearly differs between countries. Falls in Italy and in the United Kingdom contrast with positive tendencies in Germany and in France.

Capacity utilization by industry

This section examines the changes in capacity utilization by industry during the last recession (from first quarter 1980 to fourth quarter 1982) and during the present early recovery phase (fourth quarter 1982 to the most recently recorded data for the third quarter of 1983).

GRAPH 2: Indicators of output and economic sentiment in four Member States



Graph 3 presents these changes in capacity utilization for the two periods (corrected for seasonal variations) for 30 industries.

The level of capacity utilization in manufacturing industry at the beginning of 1980 was around 83% with all but three of the 30 branches lying between 80 and 88% at the level of the EEC aggregate. In the recession phase up to the last quarter of 1982, capacity utilization fell in all industries except for shipbuilding, where the closure of shipyards, combined with a small recovery in demand in some countries, allowed a slight rise from exceptionally low levels: overall capacity utilization in manufacturing fell by 5½ points to 77.9%. The fall was somewhat more marked in intermediate goods industries than in consumer or investment goods, reflecting a very important fall in the steel industry (metals: - 14 percentage points) and in timber (- 13 points). With the general weakness in investment during the recession, there was also a severe reduction in capacity utilization in mechanical and instrument engineering, and especially in the machine tools industry (- 11 points). Those industries in which capacity utilization declined relatively little during the recession were either those where a major adjustment of capacity had taken place in the 1970s (clothing and footwear) or where a clear new technology content is present (electrical appliances, radio, TV).

The effect of the upturn over the first three quarters of 1983 on capacity utilization has been clearest, as might be expected, in parts of the consumer and intermediate goods industries, whereas there has been a further deterioration in the investment goods industry.

While in the aggregate, capacity utilization has only picked up by 0.8 points in the consumption goods industry, electrical appliances, radio and TV (+6 points), furniture (+8) and clothing (+1,7) have all experienced stronger increases. The rise registered in intermediate goods (only 0.9 points in aggregate) is

due largely to greater capacity utilization in man-made fibres (+ 10) and timber (+ 4,3), with little improvement as yet in steel. The continued overall weakness in investment goods (- 0,7 points) combines an improvement in capacity utilization in activities with relatively high research and development content, such as instrument engineering (+ 4,2), agricultural machinery (+ 3,9) and electrical engineering (+ 0,7), with a worsening situation in mechanical engineering (- 1,1) and, particularly, in engines (- 4,2) and machine-tools (- 2,5).

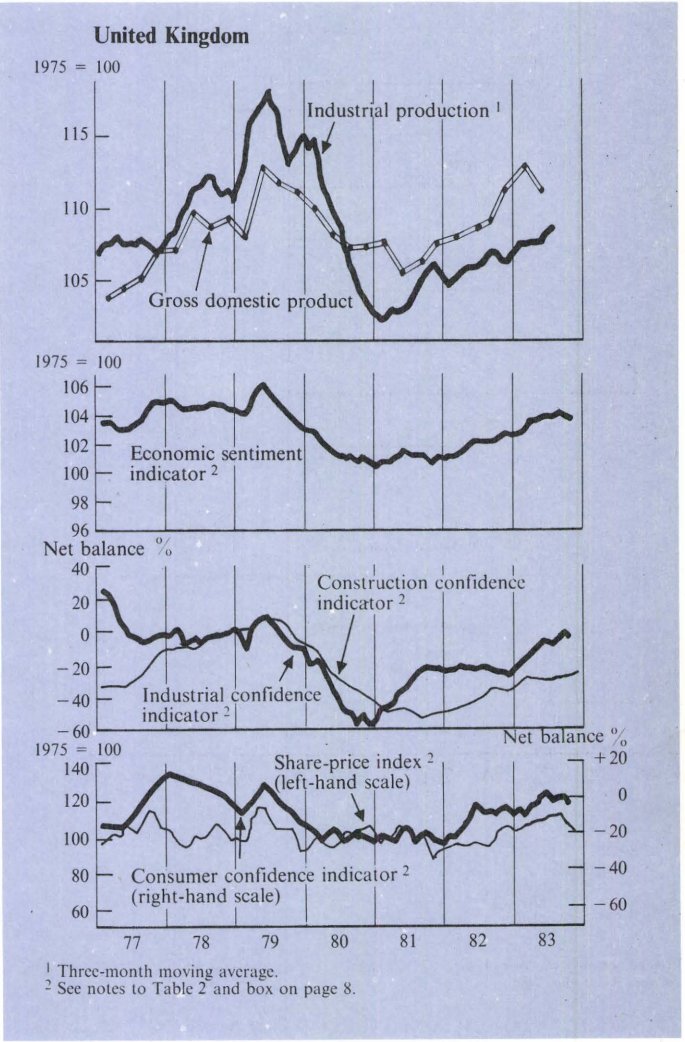
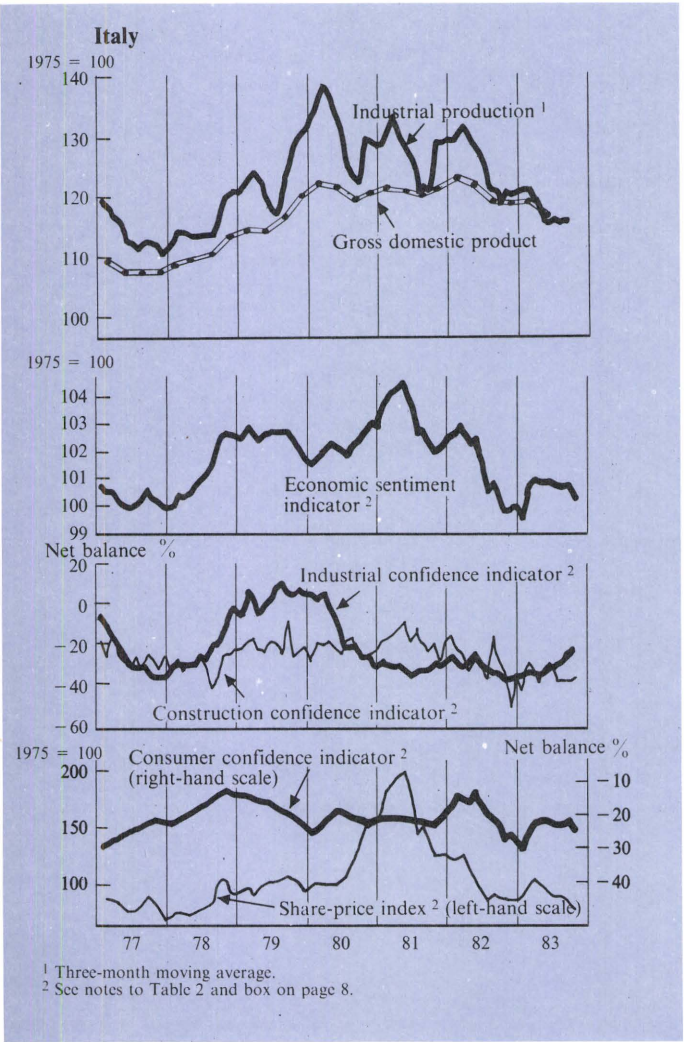
Inter-country comparison

In the first quarter of 1980, Germany, France and the Netherlands were working at high capacity (86, 86 and 83%, respectively) in contrast with the situation of Italy and Ireland (77 and 68%). As productive capacity in Germany was particularly affected by the recession which was less marked in France, it was only in France that capacity utilization was still at more than 80% at the end of 1982 and the degree of activity was somewhat higher in the Benelux countries than in Germany (75,2%) at that time.

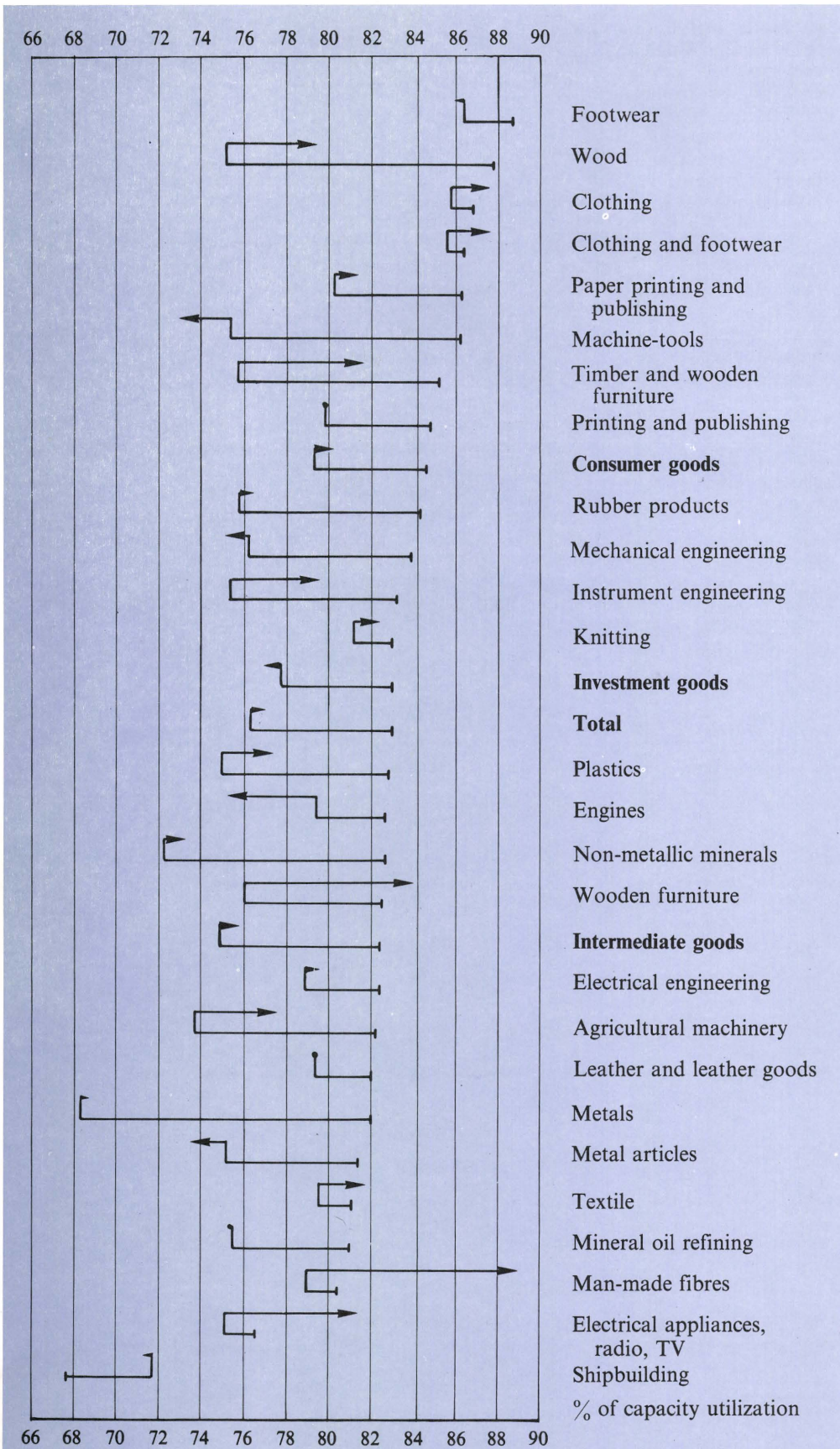
Since the last quarter of 1982 capacity utilization has risen in the United Kingdom, Germany and the Netherlands, while in Italy, it has fallen significantly. In spite of a slight fall over the first three quarters of 1983, capacity utilization remains highest in France (81%).

Amongst the Member States, France has the highest capacity utilization in intermediate and investment goods but the Netherlands is highest in consumption goods. Relative to its overall situation, this latter country however has experienced an overcapacity in the intermediate goods sector. The same situation holds in Belgium and the United Kingdom, for investment.

29 November 1983



GRAPH 3: Degree of capacity utilization in manufacturing industry by branch — European Community changes 1st quarter 1980 → 4th quarter 1982 and 4th quarter 1982 → 3rd quarter 1983¹



¹ For each branch, the lower horizontal line refers to the change between 1980 and 1982, and the upper one to the change between 1982 and 1983.

TABLE 1: Capacity utilization by branch and

Industrial sector	Member State →
Textile industry	8
Wool industry	8
Cotton industry	8
Knitting industry	6
Other manufactures	7
Clothing and footwear	7
Footwear	7
Clothing	7
Other	7
Timber and wooden furniture	8
Wood	8
Wooden furniture	8
Paper, printing and publishing	9
Manufacture of paper	9
Processing of paper	8
Printing and publishing	8
Leather and leather goods	6
Plastics	8
Mineral oil refining	8
Metals	7
Ferrous metals	7
Non-ferrous metals	8
Non-metallic mineral products	8
Building materials including ceramic, flat glass	8
Ceramic (other), hollow glass	8
Chemical industry	8
Basic chemicals	8
Industrial and agricultural chemicals	8
Consumer chemicals	8
Man-made fibres	9
Metal articles	7
Mechanical engineering	7
Agricultural machinery	8
Machine-tools	9
Textile machinery	9
Engines, compressors, pumps	7
Other machinery	7
Office and data processing machinery	7
Electrical engineering	7
Other electrical machinery	7
Domestic electrical appliances, radio and TV	7
Assembly of lighting equipment	7
Motor vehicles	8
Motor vehicles, motor vehicle engines	8
Bodies for motor vehicles	8
Parts for motor vehicles	8
Other means of transport	7
Shipbuilding and marine engineering	7
Cycles and motor-cycles	6
Other manufactures	8
Rubber products	8
Instrument engineering	8
Total	7
Consumer goods	8
Investment goods	8
Intermediate goods	8

Capacity utilization in the first quarter of 1980							Differences between the first quarter of 1980 and the fourth quarter of 1982							Differences between the fourth quarter of 1982 and the third quarter of 1983												
F	IRL	I	L	NL	UK	EC	B	D	F	IRL	I	L	NL	UK	EC	B	D	F	IRL	I	L	NL	UK	EC		
55,8	79,7	81,3	:	83,0	77,5	81,1	- 4,4	- 5,8	- 1,8	- 18,8	- 5,2	:	- 5,9	+ 3,8	- 1,5	+ 2,1	+ 2,4	- 1,0	+ 12,3	- 3,9	:	:	+ 6,3	+ 8,6	+ 2,4	
:	79,2	83,4	:	84,0	80,5	:	- 9,4	- 13,8	:	- 4,8	- 6,1	:	:	+ 1,4	:	+ 4,3	+ 6,8	:	+ 3,9	- 7,1	:	:	:	+ 13,4	:	
:	:	81,6	:	84,6	74,3	:	- 9,0	- 0,8	:	:	- 5,3	:	- 5,9	+ 10,7	:	+ 0,8	+ 1,7	:	:	+ 2,8	:	:	+ 7,7	+ 8,7	:	
55,5	79,8	79,8	:	:	81,9	83,0	+ 11,3	- 6,0	- 0,6	- 12,5	- 2,0	:	:	+ 1,1	- 1,8	- 3,2	+ 0,3	+ 0,7	+ 15,2	- 7,8	:	:	:	+ 12,5	+ 1,2	
:	:	80,5	:	:	74,0	:	- 4,5	- 6,9	:	:	- 8,5	:	:	+ 3,6	:	+ 7,1	+ 2,7	:	:	- 3,3	:	:	:	+ 1,2	:	
44,8	61,1	85,6	92,3	86,5	85,7	86,4	+ 4,4	- 4,7	+ 2,7	+ 9,2	- 4,3	- 7,7	- 0,9	+ 1,9	- 0,8	+ 0,8	+ 6,2	- 1,2	+ 0,8	- 4,0	+ 5,2	+ 4,2	+ 5,3	+ 2,0	:	
90,7	:	83,1	:	85,5	83,1	88,7	- 11,5	- 6,6	+ 0,2	:	- 2,1	:	- 1,4	- 1,5	- 2,3	+ 6,1	- 0,8	- 4,2	:	- 4,3	:	:	+ 1,8	+ 9,8	- 0,3	
12,6	80,7	86,7	98,2	:	87,1	86,8	+ 7,9	- 5,3	+ 3,7	- 10,7	- 4,7	- 10,1	:	+ 1,0	- 0,9	- 0,4	+ 2,8	- 0,2	+ 1,3	- 2,9	+ 3,8	:	:	+ 5,9	+ 1,7	
:	:	86,5	86,7	:	:	:	:	- 1,8	:	:	- 10,1	- 18,3	:	:	:	:	+ 0,9	:	:	- 12,3	+ 7,2	:	:	:	:	
66,3	71,3	76,7	:	81,9	85,6	85,2	- 6,5	- 12,5	- 5,1	- 4,9	- 10,6	:	- 6,2	- 10,7	- 9,5	+ 4,2	+ 7,0	+ 1,4	- 8,6	+ 4,6	:	:	+ 3,3	+ 11,9	+ 6,0	
28,9	78,1	75,3	:	85,5	91,4	87,8	- 8,8	- 13,7	- 6,9	- 4,6	- 11,1	:	- 14,6	- 19,5	- 12,7	+ 4,7	+ 4,8	0,0	- 23,7	+ 0,9	:	:	+ 5,8	+ 10,1	+ 4,3	
12,8	:	77,6	:	75,4	75,1	82,5	- 3,8	- 13,3	- 2,6	:	- 10,4	:	:	+ 7,5	+ 4,6	- 6,5	+ 2,8	+ 9,5	+ 3,3	:	:	:	:	+ 0,7	+ 14,5	+ 8,0
77,8	68,7	78,5	81,1	90,1	83,0	86,3	- 4,1	- 8,8	- 4,0	- 11,5	- 1,0	- 3,8	- 5,3	- 7,3	- 6,0	- 2,7	+ 3,2	+ 0,5	+ 9,5	- 1,8	+ 0,5	+ 1,9	+ 0,9	+ 1,1	:	
11,5	70,6	84,3	:	:	:	:	- 2,3	- 10,5	- 4,8	- 9,8	- 3,2	:	:	:	:	- 5,7	+ 3,7	+ 0,2	+ 16,4	- 2,5	:	:	:	:	:	
:	:	75,2	:	89,0	:	:	- 5,8	- 10,6	:	:	- 3,2	:	- 6,7	:	:	+ 0,8	+ 4,2	:	:	- 2,8	:	:	+ 5,0	:	:	
44,6	67,6	77,0	81,1	88,6	85,8	84,9	:	- 1,8	- 3,5	- 12,5	+ 0,7	- 3,8	- 2,9	- 7,8	- 5,0	:	+ 2,0	+ 0,9	+ 6,4	- 1,0	+ 0,5	- 0,8	- 2,0	0,0	:	
44,8	:	77,8	:	:	88,9	82,0	+ 15,1	- 7,9	+ 3,9	:	- 2,5	:	:	- 17,2	- 2,6	+ 0,5	- 1,6	- 0,2	:	- 7,0	:	:	:	+ 12,4	0,0	
77,6	75,7	72,2	94,3	:	83,5	82,8	- 11,8	- 12,6	- 1,9	- 15,3	+ 0,5	- 14,3	:	- 11,2	- 7,9	+ 9,8	+ 3,4	- 3,2	- 5,5	- 1,8	+ 15,2	:	:	+ 8,8	+ 2,4	
44,4	:	64,7	:	:	74,4	81,0	:	- 13,3	- 5,0	:	- 4,9	:	:	- 3,4	- 5,5	:	:	+ 1,5	- 0,5	:	- 2,6	:	:	:	+ 1,2	- 0,2
99,0	81,7	72,1	72,9	88,0	70,6	82,0	- 0,7	- 24,9	- 12,6	- 13,1	- 6,8	- 2,9	- 21,4	- 4,1	- 13,8	- 6,4	+ 2,2	+ 2,4	- 15,0	- 3,7	- 18,8	+ 8,9	+ 0,6	+ 0,2	:	
66,5	:	:	23,5	86,8	70,0	:	- 0,8	:	- 14,0	:	:	:	- 28,8	- 5,1	:	- 3,5	:	+ 3,7	:	:	:	:	+ 12,6	+ 1,2	:	
66,3	:	:	:	90,6	73,9	:	- 0,9	- 12,8	- 11,0	:	:	:	- 9,3	- 4,6	:	- 4,3	+ 3,0	- 1,0	:	:	:	:	+ 2,8	- 2,1	:	
77,9	85,6	77,4	73,9	83,0	78,4	82,7	- 12,4	- 16,7	- 6,5	- 20,0	- 7,0	+ 8,4	- 10,1	- 8,0	- 10,5	- 4,1	+ 2,5	- 0,6	- 0,1	- 2,5	- 4,7	+ 3,4	+ 5,6	+ 1,1	:	
:	82,1	76,0	71,9	:	:	:	- 13,5	- 17,1	:	- 26,0	- 6,2	- 7,9	:	:	:	- 3,6	+ 3,2	:	+ 19,1	- 1,9	- 7,2	:	:	:	:	
:	97,2	82,1	76,8	:	:	:	- 5,2	- 4,4	:	- 19,2	- 9,9	+ 18,4	:	:	:	- 10,3	+ 0,6	:	- 0,6	- 4,2	+ 1,1	:	:	:	:	
77,4	64,9	67,8	82,8	85,1	85,2	:	- 3,6	:	- 5,6	- 4,5	- 0,6	+ 2,7	- 7,7	- 3,7	:	- 1,3	:	+ 0,7	- 1,2	+ 0,1	- 1,7	+ 5,3	- 1,6	:	:	
99,5	:	63,2	47,6	85,7	:	:	- 0,8	:	- 7,1	:	+ 2,4	+ 27,8	- 12,5	:	:	- 4,1	:	- 0,4	:	- 0,8	- 15,7	+ 7,0	:	:	:	
44,9	64,9	82,7	85,7	88,3	:	:	- 9,5	:	- 4,2	- 7,0	- 9,8	+ 3,2	- 5,4	:	:	+ 1,8	:	+ 2,1	+ 3,5	- 3,5	- 2,5	+ 3,8	:	:	:	
33,1	80,2	69,2	80,0	76,5	87,3	:	- 3,7	:	- 1,4	- 15,8	- 1,4	- 8,2	+ 4,8	- 4,1	:	+ 0,9	:	+ 2,8	- 8,6	+ 2,1	- 2,3	+ 1,0	- 2,1	:	:	
22,6	:	68,9	:	:	65,6	80,4	+ 5,2	- 8,1	- 2,8	:	+ 13,0	:	:	- 2,4	- 1,2	- 5,3	+ 6,0	+ 2,5	:	- 3,3	:	:	:	+ 36,8	+ 10,0	
84,4	72,5	75,4	90,3	73,9	77,2	81,4	- 7,7	+ 10,3	- 6,9	- 8,9	- 5,8	- 10,4	- 0,3	- 5,5	- 6,2	- 6,0	+ 0,7	- 3,5	+ 1,2	- 8,2	+ 1,4	- 0,7	+ 0,9	- 1,6	:	
33,0	73,9	82,6	91,8	78,6	80,7	83,9	- 3,7	- 9,1	- 6,7	- 5,8	- 8,0	- 10,6	+ 2,4	- 7,3	- 7,6	- 1,2	+ 0,2	- 3,4	- 1,8	- 3,3	- 12,2	- 5,0	+ 0,3	- 1,1	:	
64,4	51,2	76,9	:	82,0	85,7	82,2	- 28,3	- 1,5	- 11,9	+ 32,1	- 5,0	:	- 2,5	- 14,5	- 8,5	+ 11,7	+ 4,4	- 8,5	- 20,9	- 3,5	:	:	+ 4,1	+ 2,1	+ 3,9	
33,0	76,3	80,7	:	78,4	81,3	86,2	- 8,3	- 13,3	- 9,5	- 9,2	- 7,7	:	- 0,3	- 11,1	- 10,8	+ 0,8	- 2,9	+ 1,2	- 0,6	- 7,9	:	:	- 13,3	+ 0,1	- 2,5	
:	:	78,5	:	81,2	:	:	+ 0,7	- 4,4	:	:	- 10,3	:	:	- 10,1	:	- 16,2	+ 1,8	:	:	+ 0,1	:	:	:	- 1,6	:	
22,9	:	86,4	82,7	80,4	80,1	82,7	- 2,7	- 0,8	- 5,2	:	- 5,8	- 10,5	- 1,1	- 6,4	- 3,3	- 5,9	- 5,5	- 1,2	:	- 3,1	- 41,9	- 8,2	- 2,7	- 4,2	:	
:	:	83,0	94,8	77,5	90,4	:	- 1,0	- 10,7	:	:	- 9,7	- 10,7	+ 7,0	- 15,6	:	- 0,3	+ 0,6	:	:	- 2,3	- 4,4	- 3,9	- 5,1	:	:	
33,0	:	78,1	:	:	:	:	:	- 9,8	+ 13,4	:	+ 1,0	:	:	:	:	:	- 2,0	+ 3,3	:	+ 1,2	:	:	:	:	:	
44,5	64,8	83,8	:	:	82,1	82,4	- 4,0	- 4,4	+ 1,8	+ 7,2	- 10,5	:	:	- 4,5	- 3,5	+ 0,9	- 0,2	+ 2,0	- 7,2	- 5,5	:	:	:	+ 6,0	+ 0,7	
47,7	66,4	80,0	:	:	:	:	- 10,8	- 6,8	+ 1,7	+ 8,1	- 6,6	:	:	:	:	+ 0,9	- 0,3	+ 1,9	- 9,1	+ 0,9	:	:	:	:	:	
77,5	64,6	90,0	:	:	79,4	76,5	+ 6,2	+ 1,6	+ 11,9	+ 4,5	- 17,0	:	:	- 18,4	- 1,4	+ 0,5	- 1,8	+ 7,0	- 5,3	- 14,7	:	:	:	+ 39,0	+ 6,3	
:	:	88,1	:	:	:	:	:	- 1,7	:	- 12,9	:	:	:	:	:	:	- 0,1	:	:	:	+ 6,0	:	:	:	:	:
99,5	71,8	80,8	:	:	76,9	:	+ 2,3	:	- 6,5	- 28,8	- 7,4	:	:	- 4,9	:	- 5,1	:	- 0,7	- 18,6	- 3,4	:	:	:	- 1,9	:	
44,1	:	80,7	:	:	:	:	+ 2,3	:	- 10,7	:	- 5,4	:	:	:	:	- 5,1	:	- 0,7	:	- 4,1	:	:	:	:	:	
22,0	:	77,9	:	:	:	:	:	- 25,5	+ 9,7	:	- 17,2	:	:	:	:	:	+ 17,1	- 1,2	:	- 0,1	:	:	:	:	:	
:	:	82,6	:	:	:	:	:	+ 1,9	:	:	- 11,6	:	:	:	:	:	- 0,8	:	:	- 1,6	:	:	:	:	:	
33,4	:	70,0	:	:	81,4	:	+ 1,1	:	- 0,7	:	- 3,4	:	:	- 4,7	:	- 1,3	:	+ 2,0	:	+ 0,2	:	:	:	- 8,2	:	
44,9	:	64,7	:	74,3	65,1	67,7	- 3,5	- 1,1	+ 18,2	:	- 8,6	:	+ 3,1	- 4,7	+ 4,0	+ 1,6	- 12,5	+ 6,0	:	+ 4,5	:	:	0,0	+ 3,9	- 0,3	
44,5	:	73,9	:	:	:	:	- 2,6	- 27,1	- 6,8	:	- 4,6	:	:	:	:	+ 5,8	+ 6,8	- 3,7	:	- 7,9	:	:	:	:	:	
0,5	:	71,3	:	:	:	:	+ 7,5	:	- 7,3	:	- 0,5	:	:	:	:	- 7,5	:	+ 1,4	:	+ 0,7	:	:	:	:	:	
22,6	71,1	83,5	95,3	:	72,6	84,3	:	- 7,8	- 7,3	+ 5,3	- 14,7	- 4,1	:	- 5,2	- 8,6	:	+ 0,7	- 3,0	- 13,2	+ 1,5	+ 0,6	:	:	+ 3,8	+ 0,6	
0,8	58,7	72,7	:	74,3	84,1	83,2	:	- 10,7	- 2,9	+ 26,8	- 0,6	:	:	+ 4,4	- 9,8	- 7,9	:	+ 0,7	+ 3,8	- 0,6	- 1,1	:	:	- 2,1	+ 12,1	+ 4,2
55,6	68,4	77,4	80,9	83,2	79,9	83,0	- 3,1	- 10,4	- 3,9	- 11,5	- 5,5	- 4,9	- 5,4	- 5,5	- 6,7	- 1,5	+ 2,0</									

TABLE 2: Indicators of output and economic sentiment

		Trough 1974/75	1980	1981	1982	1982	1983			1983					
						IV	I	II	III	May	June	July	August	Sept.	Oct.
B	<i>gross domestic product</i>	1975=													
	<i>index of industrial production</i>	100	88,2	114,9	111,6	111,5	111,0	112,4	113,0	:	110,5	116,5	:	:	:
	1. industrial confidence indicator		-56	-22	-27	-22	-26	-23	-21	-19	-20	-22	-21	-18	-18
	2. construction confidence indicator		-36	-28	-47	-48	-52	-56	-57	-55	-57	-57	-54	-57	-56
	3. consumer confidence indicator ^{1,4}		-18	-20	-27	-27	-28	-31	-22	:	:	:	:	:	:
	4. share-price index ^{4,5}		84,9	86,7	70,7	86,8	89,9	96,9	111,9	119,5	110,5	116,7	117,8	120,5	120,2
	= 5. economic sentiment indicator		99,3	100,2	97,8	99,0	98,6	98,8	100,7	101,5	100,7	101,0	101,2	101,5	101,3
D	<i>gross national product</i>	1975=	99,0	118,9	118,6	117,2	116,5	117,3	118,5	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,9	117,9	116,3	113,0	108,5	110,7	113,9	:	112,8	115,0	112,8	112,8	:
	1. industrial confidence indicator		-49	-14	-30	-33	-38	-30	-23	-17	-23	-21	-19	-19	-15
	2. construction confidence indicator		-72	-18	-48	-59	-59	-48	-39	-35	-40	-39	-39	-36	-32
	3. consumer confidence indicator ^{1,4}		-22	-5	-22	-26	-28	-17	-7	-11	-7	-8	-10	-10	-12
	4. share-price index ^{4,5}		80,0	106,3	108,7	108,3	111,2	121,3	139,4	139,2	139,9	138,9	142,9	140,8	133,8
	= 5. economic sentiment indicator		98,8	101,9	98,9	98,2	97,4	99,5	101,8	101,8	101,8	101,7	101,8	101,8	101,5
F	<i>gross domestic product</i>	1975=	98,5	117,5	117,8	120,0	120,6	120,4	121,0	:	:	:	:	:	:
	<i>index of industrial production</i>	100	86,9	118,1	115,5	113,7	112,8	113,7	114,9	115,8	116,4	114,6	116,4	116,4	:
	1. industrial confidence indicator		-49	-15	-30	-17	-20	-18	-23	-28	-25	-25	-29	-28	-27
	2. construction confidence indicator		:	-21	-36	-49	-50	-44	-50	-59	:	:	-59	:	:
	3. consumer confidence indicator ^{1,4}		-9	-10	-9	-5	-10	-9	-17	:	:	:	:	:	-57
	4. share-price index ^{4,5}		79,8	148,8	131,5	131,0	130,0	144,3	166,3	183,0	168,9	168,3	176,9	185,5	186,6
	= 5. economic sentiment indicator		98,1	100,9	98,9	98,9	98,2	98,6	97,3	96,6	97,1	96,9	96,6	96,6	96,7
IRL	<i>gross domestic product</i>	1975=		121,5	123,6	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,3	132,9	134,7	135,3	136,3	142,3	139,1	:	137,7	141,8	145,4	:	:
	1. industrial confidence indicator		-41	-31	-18	-19	-24	-26	-24	-17	-24	-23	-18	-20	-13
	2. construction confidence indicator		:	-49	-33	-51	-76	-77	-61	-58	-71	-59	-50	-58	-66
	3. consumer confidence indicator ^{1,4}		-41	-22	-28	-34	-39	-36	-44	:	:	:	:	:	-53
	4. share-price index ^{4,5}		63,4	211,9	219,9	179,9	177,9	171,6	206,8	249,7	207,5	222,0	237,6	250,6	261,0
	= 5. economic sentiment indicator		97,7	101,9	102,0	101,4	100,5	100,8	101,5	:	101,4	101,3	101,3	101,0	101,6
I	<i>gross domestic product</i>	1975=	93,1	120,8	120,9	120,5	118,5	119,0	117,1	:	:	:	:	:	:
	<i>index of industrial production</i>	100	94,7	127,8	125,0	121,7	120,0	120,8	115,2	:	117,3	113,8	118,1	114,6	:
	1. industrial confidence indicator		-59	-13	-31	-31	-36	-35	-33	-27	-33	-30	-29	-27	-24
	2. construction confidence indicator		-56	-22	-18	-29	-26	-35	-34	37	-32	-32	-37	-37	-36
	3. consumer confidence indicator ^{1,4}		-39	-22	-22	-18	-26	-25	-21	-22	-21	-22	-22	-22	-21
	4. share-price index ^{4,5}		84,6	105,4	160,0	129,9	127,4	154,7	161,6	161,9	160,2	158,4	162,1	164,1	159,6
	= 5. economic sentiment indicator		99,1	102,2	102,1	101,8	99,9	100,5	101,2	101,1	101,0	100,8	100,8	100,8	100,9
NL	<i>gross domestic product</i>	1975=		113,3	112,1	111,1	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98,0	112,0	111,0	107,0	104,3	108,0	107,0	:	109,0	105,0	109,0	104,0	:
	1. industrial confidence indicator		-44	-12	-25	-25	-23	-20	-17	-15	-15	-18	-17	-15	-12
	2. construction confidence indicator		-47	-24	-32	-41	-40	-42	-37	-32	-36	-39	-35	-32	-29
	3. consumer confidence indicator ^{1,4}		-19	-25	-31	-32	-37	-34	-28	:	:	:	:	:	:
	4. share-price index ^{4,5}		80,5	93,1	98,9	100,0	106,6	122,7	142,2	154,1	139,3	146,3	151,9	154,9	155,5
	= 5. economic sentiment indicator		99,6	99,4	98,3	98,1	97,8	98,8	101,3	101,2	100,3	100,4	100,8	101,1	101,4
UK	<i>gross domestic product</i>	1975=	98,1	108,1	106,7	109,2	111,4	113,0	111,2	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,0	108,2	103,9	106,1	106,3	107,6	107,8	:	108,7	106,9	109,8	109,5	:
	1. industrial confidence indicator		:	-43	-33	-25	-28	-21	-10	-6	-10	-7	-9	-5	-4
	2. construction confidence indicator		:	-30	-51	-42	-38	-31	-32	-30	:	:	-30	:	-28
	3. consumer confidence indicator ^{1,4}		-33	-18	-21	-12	-7	-6	+1	0	+3	+2	-1	+1	-1
	4. share-price index ^{4,5}		49,2	210,0	237,0	274,6	309,4	321,8	346,9	360,4	341,1	352,8	359,6	366,4	355,2
	= 5. economic sentiment indicator		95,0	101,5	100,9	101,8	102,4	102,9	103,7	103,9	103,7	103,9	103,8	104,1	103,8
EC	<i>gross domestic product</i> ^{2,3}	1975=	99,0	116,7	116,4	116,9	117,0	117,6	117,5	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,8	117,1	114,5	112,9	110,7	111,5	111,8	:	112,1	112,2	113,5	113,1	:
	1. industrial confidence indicator		-49	-20	-31	-27	-30	-25	-21	-18	-22	-20	-20	-19	-16
	2. construction confidence indicator		:	-23	-39	-43	-48	-41	-40	-41	(-40)	(-40)	-42	(-41)	(-40)
	3. consumer confidence indicator ^{1,4}		-17	-13	-19	-17	-20	-16	-12	-13	-12	-12	-13	-13	-14
	4. share-price index ^{4,5}		81,8	154,9	170,2	187,2	201,7	217,8	242,7	257,1	240,3	247,8	254,1	259,6	257,6
	= 5. economic sentiment indicator		97,4	102,4	99,9	100,1	99,2	100,7	102,2	102,4	102,2	102,4	102,3	102,4	102,4

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the message of construction of the indicator, see: *European Economy - Supplement C*.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

³ For the Federal Republic of Germany, gross national product.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

For definitions of series 1 to 5, see Tables 3 and 4 and box on page 8.

Source: European Community business surveys and Eurostat.

TABLE 3: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982	1983			1983				
		Peak 1972/73	Trough 1974/75					I	II	III	May	June	July	Aug.	Sept.
B	production expectations	+31	-56	-24	-26	-18	-25	-23	-19	-15	-16	-20	-15	-15	-14
	order-books	+13	-74	-31	-45	-40	-41	-39	-36	-33	-36	-35	-35	-32	-32
	export order-books	+15	-82	-36	-47	-40	-49	-39	-35	-31	-35	-32	-31	-30	-30
	stocks of finished products	-14	+37	+11	+11	+8	+11	+8	+10	+9	+9	+12	+12	+8	+7
	selling-price expectations	+64	+10	+20	+29	+28	+23	+23	+24	+25	+23	+27	+23	+25	+27
DK	industrial confidence indicator	+19	-56	-22	-27	-22	-26	-23	-21	-19	-20	-22	-21	-18	-18
	production expectations	:	:	-4	-3	+4	+9	+5	0	+6	:	:	:	:	:
	order-books	:	:	-6	-24	-17	-14	-8	-14	-2	:	:	:	:	:
	export order-books	:	:	+10	-7	-4	-3	-2	-4	-5	:	:	:	:	:
	stocks of finished products	:	:	+16	+17	+16	+16	+14	+10	+9	:	:	:	:	:
D	industrial confidence indicator	:	:	-9	-15	-10	-7	-6	-8	-2	:	:	:	:	:
	production expectations	+17	-32	-10	-17	-20	-28	-12	-2	+1	-4	-2	-1	0	+3
	order-books	-5	-73	-21	-46	-53	-57	-54	-46	-40	-46	-44	-41	-42	-37
	export order-books (d)	+23	+33	-4	-1	-7	-13	-9	-8	-2	-13	-2	-4	-3	0
	stocks of finished products	-7	+43	+11	+26	+26	+29	+25	+20	+13	+19	+18	+15	+14	+11
F	selling-price expectations	+55	+4	+26	+32	+18	+12	+6	+15	+21	+15	+15	+16	+22	+26
	industrial confidence indicator	+10	-49	-14	-30	-33	-38	-30	-23	-17	-23	-21	-19	-19	-15
	production expectations	+33	-29	-6	-11	-4	-13	-9	-13	-18	-15	-15	-20	-18	-16
	order-books	+26	-69	-22	-46	-30	-30	-32	-37	-42	-38	-40	-42	-42	-42
	export order-books	+24	-66	-29	-47	-36	-40	-42	-44	-39	-44	-40	-39	-39	-40
IRL	stocks of finished products	-14	+50	+17	+34	+16	+16	+13	+18	+23	+22	+19	+24	+23	+23
	selling-price expectations	+76	+15	+50	+54	+49	+60	+44	+47	+46	+50	+47	+51	+46	+42
	industrial confidence indicator	+29	-49	-15	-30	-17	-20	-18	-23	-28	-25	-25	-29	-28	-27
	production expectations	:	-21	-12	-1	-4	-8	-8	-12	-6	-9	-11	-7	-11	+1
	order-books	:	-68	-50	-36	-39	-47	-53	-50	-41	-49	-46	-42	-45	-37
I	export order-books	:	-22	-6	+2	-7	-4	-10	-9	+4	-12	-9	-2	+5	+10
	stocks of finished products	:	+35	+31	+16	+14	+18	+17	+10	+4	+14	+11	+5	+4	+2
	selling-price expectations	:	+64	+43	+41	+35	+26	+28	+31	+30	+24	+31	+34	+27	+28
	industrial confidence indicator	:	-41	-31	-18	-19	-24	-26	-24	-17	-24	-23	-18	-20	-13
	production expectations	+40	-43	-7	-16	-15	-24	-19	-13	-7	-13	-10	-13	-9	+2
L	order-books	+30	-82	-22	-49	-53	-58	-62	-59	-50	-63	-52	-51	-49	-51
	export order-books	+13	-67	-37	-45	-49	-53	-55	-54	-47	-54	-50	-46	-47	-47
	stocks of finished products	-24	+53	+11	+28	+25	+27	+24	+25	+23	+22	+27	+22	+24	+22
	selling-price expectations	+76	+10	+63	+59	+50	+48	+43	+46	+43	+48	+46	+46	+37	+45
	industrial confidence indicator	+31	-59	-13	-31	-31	-36	-35	-33	-27	-33	-30	-29	-27	-24
NL	production expectations	+84	-80	-33	-39	-40	-36	-27	-7	+5	0	-12	+7	+4	+3
	order-books	:	:	-42	-62	-60	-68	-62	-59	-45	-62	-55	-49	-48	-39
	export order-books	:	:	-52	-81	:	-78	-63	-68	-58	-75	-62	-59	-58	-56
	stocks of finished products	-14	+74	+63	+28	+14	+25	+51	+22	+20	+23	+21	+20	+17	+22
	selling-price expectations	:	-46	+8	+60	+10	-14	+25	+42	+34	+52	+24	+38	+27	+38
UK	industrial confidence indicator	:	:	-46	-43	-38	-43	-47	-29	-20	-28	-29	-21	-20	-19
	production expectations	+26	-26	-3	-6	-5	-9	-4	-1	+1	+3	-4	-2	0	+5
	order-books	+7	-48	-20	-37	-39	-36	-38	-33	-31	-32	-34	-32	-31	-29
	stocks of finished products	-3	+57	+15	+32	+33	+24	+17	+16	+15	+15	+17	+17	+15	+12
	industrial confidence indicator	+12	-44	-13	-25	-26	-23	-20	-17	-15	-15	-18	-17	-15	-12
EC	production expectations	:	:	-30	-4	+1	-5	+4	+15	+22	+14	+19	+19	+23	+25
	order-books	:	:	-65	-69	-54	-56	-48	-33	-29	-31	-29	-32	-26	-28
	export order-books	:	:	-45	-55	-48	-53	-47	-34	-32	-31	-29	-34	-34	-29
	stocks of finished products	:	:	+34	+27	+23	+23	+18	+13	+11	+13	+11	+15	+11	+8
	selling-price expectations	:	:	+36	+25	+27	+17	+21	+25	+26	+27	+24	+22	+29	+26
(e)	industrial confidence indicator	:	:	-43	-33	-25	-28	-21	-10	-6	-10	-7	-9	-5	-4
	production expectations	+15	-30	-13	-13	-11	-17	-9	-4	-1	-4	-3	-4	-2	+2
	order-books	+15	-70	-31	-51	-47	-49	-47	-42	-39	-43	-40	-39	-40	-37
	export order-books	+14	-48	-24	-31	-30	-34	-32	-28	-24	-28	-24	-25	-25	-23
	stocks of finished products	-10	+48	+17	+28	+22	+23	+19	+18	+16	+19	+19	+18	+16	+14
EC	selling-price expectations	+64	+9	+38	+40	+32	+30	+24	+29	+32	+31	+29	+32	+32	+32
	industrial confidence indicator	+16	-49	-20	-31	-27	-30	-25	-21	-18	-22	-20	-20	-19	-16

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

(e) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981.)

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 4: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1983				1983				
		Peak 72/73	Trough 74/75				IV	I	II	III	May	June	July	Aug.	Sept.
B	order-books	-13	-47	-32	-53	-61	-68	-71	-72	-73	-73	-73	-73	-74	-73
	employment expectations	+31	-24	-23	-41	-36	-37	-41	-42	-37	-41	-40	-35	-40	-37
	price expectations	+75	+25	+31	+8	-1	-4	-8	-14	-8	-13	-11	-6	-11	-6
	construction confidence indicator (a)	+9	-36	-28	-47	-49	-53	-56	-57	-55	-57	-57	-54	-57	-56
D	order-books	-17	-84	-30	-61	-73	-73	-69	-62	-56	-63	-60	-59	-57	-53
	employment expectations	+10	-60	-7	-35	-44	-45	-28	-16	-14	-16	-17	-19	-14	-10
	price expectations	+48	-37	-5	-41	-28	-12	-7	-2	+8	-2	0	+5	+9	+11
	construction confidence indicator	-4	-72	-18	-48	-59	-59	-48	-39	-35	-40	-39	-39	-36	-32
F	order-books	:	:	-31	-48	-62	-64	-58	-63	-70	:	:	-70	:	-72
	employment expectations	:	:	-12	-24	-35	-35	-29	-37	-47	:	:	-47	:	-41
	construction confidence indicator	:	:	-21	-36	-49	-50	-44	-50	-59	:	:	-59	:	-57
I	order-books	-25	-68	-33	-29	-44	-51	-49	-49	-50	-51	-48	-48	-51	-50
	employment expectations	+10	-44	-11	-7	-13	-27	-21	-19	-24	-12	-16	-26	-23	-24
	price expectations	+85	+30	+71	+71	+54	+30	+20	+13	+10	+19	+3	+15	+2	+12
	construction confidence indicator	-8	-56	-22	-18	-29	-26	-35	-34	-37	-32	-32	-37	-37	-37
L	order-books	+21	-50	-12	-21	-46	-51	-48	-57	-49	-61	-52	-44	-50	-54
	employment expectations	+31	-39	+6	-6	-25	-17	-32	-32	-39	-33	-42	-27	-38	-51
	price expectations	+82	+11	+45	+30	+17	+12	+3	-18	-22	-10	-30	-24	-27	-15
	construction confidence indicator	+26	-45	-5	-14	-36	-34	-40	-45	-44	-47	-47	-36	-44	-53
NL	order-books	-8	-81	-39	-50	-57	-59	-59	-57	-54	-57	-59	-55	-54	-54
	employment expectations	+14	-13	-8	-14	-25	-21	-24	-16	-9	-15	-18	-14	-9	-4
	construction confidence indicator	+3	-47	-24	-32	-41	-40	-42	-37	-32	-36	-39	-35	-32	-29
UK	order-books	:	:	-33	-60	-59	-58	-47	-52	-46	:	:	-46	:	-47
	employment expectations	:	:	-27	-42	-25	-18	-14	-11	-13	:	:	-13	:	-9
	price expectations	:	:	+53	-16	0	-3	+11	+6	+15	:	:	+15	:	+12
	construction confidence indicator	:	:	-30	-51	-42	-38	-31	-32	-30	:	:	-30	:	-28
EC (d)	order-books	:	:	-32	-51	-61	-63	-58	-58	-57	(-59)	(-57)	-57	(-57)	(-56)
	employment expectations	:	:	-14	-28	-24	-32	-25	-22	-24	(-20)	(-22)	-26	(-24)	(-23)
	construction confidence indicator	:	:	-23	-39	-43	-48	-41	-40	-41	(-40)	(-40)	-42	(-41)	(-40)

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

- B** - Belgium: Banque Nationale de Belgique
- DK** - Denmark: Danmarks Statistik
- D** - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR** - Greece: Institute of Economic and Industrial Research
- F** - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL** - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I** - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L** - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL** - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK** - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey
- DI (Department of Industry), for the investment survey
- National Federation of Building Trades Employers, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator and the share price index are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD
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